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APPLICATION FOR LETTERS PATENT FOR:

SYSTEM AND METHOD FOR ELECTRONICALLY GENERATING,
CLIPPING AND REDEEMING COUPONS

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SYSTEM AND METHOD FOR ELECTRONICALLY GENERATING, CLIPPING
AND REDEEMING COUPONS

5 BACKGROUND OF THE INVENTION

1. FIELD OF THE INVENTION

The present invention relates to systems and methods
for generating, clipping and redeeming coupons via
10 computer over the Internet. More particularly, the
present invention relates to such systems and methods
that enable consumers, retailers and manufacturers to use
a common database source, accessible through the
Internet, to post electronic coupons, clip electronic
15 coupons and obtain coupon reimbursements.

2. PRIOR ART STATEMENT

Coupons are used by manufacturers as a way to entice
consumers to buy their products. Traditionally, coupons
20 are printed in newspapers or other periodicals. The
manufacturer pays the publication to carry the coupon.
Upon seeing the coupon, a consumer cuts the coupon out of
the periodical and takes the coupon to a retail store. At
the retail store, the consumer buys the product that
25 corresponds to the coupon and redeems the coupon at check

out. Once redeemed, the value of the coupon is subtracted from the price of that object. The retailers then submit claims to the manufacturers for reimbursement or merchandise credit.

5 The use of traditional paper coupons generates several problems. One problem is that it takes a great deal of time and effort for people to search through various periodicals looking for coupons for the product they want to buy. Secondly, the organization, tracking and reimbursement process for coupon use is a complex, labor intensive, accounting endeavor for many retailers. 10 Recognizing the faults of a paper-based coupon system, there have been attempts to automate the use of coupons. One prior art approach has been the use of websites where a person can print out various coupons. U.S. Patent No. 15 6,035,280 to Christensen, entitled Electronic Discount Couponing Method And Apparatus For Generating An Electronic List Of Coupons, and U.S. Patent No. 5,907,830 to Engel, entitled Electronic Coupon Distribution, 20 exemplify such systems. Although these patents help a consumer locate coupons, these systems do nothing to alleviate the bookkeeping problems of a retailer trying to get reimbursed for the coupons.

In the prior art, systems have been developed where paper coupons are eliminated altogether. In such systems, consumers are given specialized cards. Using a card writing device and specialized software, a consumer can
5 download selected coupons onto the card. The coupons are then downloaded from the card at the retailer. Such systems are exemplified by U.S. Patent No. 6,055,509 to Powell, entitled System And Method For Transferring Identification Information Between Portable Cards In A
10 Computerized Retail Store Having Communication Among A Plurality Of Computers, and U.S. Patent No. 6,012,038 to Powell, entitled System And Method For Controlling Distribution Of Coupons. Since such systems require a capital investment of specialized card writing equipment
15 and software, such systems are not well suited for use by a wide segment of the population.

A need therefore exists for a system and method of selecting, clipping and redeeming coupons that is paperless, and requires no specialized hardware or
20 software to be purchased by either the consumer, retailer or manufacturer. This need is met by the present invention as described and claimed below.

SUMMARY OF THE INVENTION

The present invention is a system and method for posting, clipping and reimbursing electronic coupons. The system requires that all participating consumers, manufacturers and retailers register their participation in the system. Once registered, consumers are given coupon cards. A website is established where consumers can search for and select electronic coupons. Once a consumer selects a coupon, that coupon is placed in an electronic account for that consumer. It is this electronic account that is identified by the coupon card.

Registered manufacturers are able to post electronic coupons on the system's website. The manufacturers are charged for the type of electronic coupon posted and the number of system users that select that coupon within a given billing period.

The consumer's coupon card is presented to a cashier when buying a product from a retailer. The coupon card is scanned and a telecommunications link is established between the system's consumer account database and the retailer. Information is exchanged concerning the consumer's account. Once the consumer is identified, data regarding previously selected electronic coupons is

transferred to the retailer. The cash register at the retailer compares the electronic coupon data with the products being bought. If one or more coupons are applicable, the coupons' values are honored and deducted
5 from the price.

The electronic coupons redeemed by a retailer can be reimbursed using the same system. Information regarding redeemed electronic coupons is transmitted to the system. The system then reimburses the retailers from the active
10 accounts of the registered manufacturers.

BRIEF DESCRIPTION OF THE DRAWINGS

For a better understanding of the present invention, reference is made to the following description of an exemplary embodiment thereof, considered in
5 conjunction with the accompanying drawings, in which:

FIG. 1 is a schematic of the overall electronic coupon system in accordance with the present invention;

10 FIG. 2 is a block diagram logic flow illustrating a consumer's use of the present invention system;

FIG. 3 is a block diagram logic flow illustrating some sub-steps used in the logic of Fig. 2;

15 FIG. 4 is a block diagram logic flow illustrating a manufacturer's use of the present invention system; and

FIG. 5 is a block diagram logic flow illustrating a
20 retailer's use of the present invention system.

DETAILED DESCRIPTION OF THE INVENTION

Although the present invention system and method can be used to post, clip and redeem any type of coupon, the system and method are especially useful in posting, clipping and redeeming grocery coupons. As such, by way of example, the present invention system and method will be described in an application where it is used to post, clip and redeem coupons for use at a grocery store, in order to present the best mode contemplated for the invention.

Referring to Fig. 1, a schematic of the overall system 10 is shown. The system 10 includes a central computer and database 12 located at at least one processing center. The processing center can be located anywhere in the country. Consumers 14, manufacturers 16 and retailers 18 all access the central computer and database 12 via telecommunication links. As will be explained, the telecommunication links are preferably directed through a website 20 on the internet. Wherein a server 22 hosts the website 20. The central computer and database 12 communicates with the server using conventional telecommunications equipment.

Access to the central computer and database 12 is

governed by the use of account numbers. Accordingly, all consumers 14, manufacturers 16 and retailers 18 must establish accounts with the central computer and database 12, prior to the use of the system.

5 Referring to Fig. 2, it can be seen that in order for consumers 14 to use the present invention system 10, consumers 14 use computers and the Internet to visit the system's website 20. The accessing of the website over the Internet is shown as Block 26. Once at the website,
10 consumers 14 are prompted to see if the consumers 14 are registered as systems users and have the appropriate account numbers. As is indicated by Block 28, if a consumer has an account number, that account number is entered. In addition to the account number, a user may
15 also be given a password, so that imposters cannot use the system.

As is indicated by Block 30, if a consumer is not registered as a user, the website will query the consumer for needed information, such as name, address, etc., and
20 will register the user. Once registered, consumers will be given account numbers. Users can also register via the mail or by telephone. Once a consumer is registered, that consumer is sent a coupon account card. (See Block 32)

The coupon account card is a card with a magnetic strip or other electronic storage device that stores the consumer's account number. As such, every consumer registered to use the system is given an account number
5 and a coupon account card that contains that account number.

Once a consumer has a coupon account card and visits the system's website, a consumer enters his/her account number and can begin to shop for coupons. By navigating
10 through the website, coupons in various categories for various products in each category will be presented. Block 40 in Fig. 2 shows the step of electronically clipping coupons. However, by referring briefly to Fig. 3, it can be seen that the step of electronically
15 clipping coupons 40 (Fig. 2) can have sub-steps. As is indicated by Block 42, coupons can be selected simply by pointing and clicking on the desired coupon using a computer cursor. However, the software run at the website can store data on you past coupon selection habits.
20 Previously selected coupons can be automatically added to the consumer's selected coupon list, as is indicated by Block 44. Furthermore, a consumer can request a coupon for a specific product that the consumer wants to buy.

(See Block 46) If a coupon does appear for this product, in the future, that coupon can automatically be added to the consumer's account. (See Block 48) The consumer will be alerted to the appearance of the requested coupon the
5 next time that consumer visits the website.

Returning to Fig. 2, it can be seen that after a consumer selects the desired coupons, the consumer exits the website. (See Block 50) When a consumer checks out of the website, the coupons selected by the consumer are
10 stored under that consumer's account number. Referring to Block 52, it can be seen that the consumer then goes to shop at his/her favorite retail store. Upon checkout at the store, the consumer presents the cashier with the coupon account card. (See Block 54) The cashier runs the
15 coupon account card through a card reading device. (See Block 56) Many card reading devices are already present at cashier stations to serve patrons who pay using credit cards or debit cards. These card reading devices are interfaced with the cashier's register so that debit and
20 credit payments can be directly recognized by the cashier's register. If a person forgets his/her card, the customer may present his/her account number orally. Alternatively, the retailer may keep a list of its

customer's account numbers that can be accessed at any time upon request by a customer.

With the present invention system, the card reading device is programmed with software that accesses the
5 central database and processing center. Once accessed, the consumer's account number is sent to the central computer and database and the data regarding the coupons previously selected by the consumer is downloaded. Block
10 58 shows the step of obtaining the coupon data from the central database. The card reading machine receives the coupon data from the consumer's account and transfers that data to the cashier's register. As is indicated by Block 60, the cashier's register compares the coupon data to the products purchased and reduces the price of the
15 appropriate products by the coupon value. Many modern cashiers' registers already have the ability to read coupon data, compare coupon data to purchased items and deduct coupon values appropriately. Consequently, the programming of the cashier's registers need not be
20 changed.

The present invention system, as used by manufacturers, is used to post coupons rather than to electronically clip coupons. Referring to Fig. 4, it can

be seen that a manufacturer desiring to post a coupon
accesses the website for the central computer and
database. (See Block 64) The website can be the same
website that is used by consumers, or can be a second
5 dedicated website just for manufacturers. Once a
manufacturer is at the website, the manufacturer must
first open an account with the system and obtain an
account number. (See Block 64) Once an account number is
obtained, the account number is used to access the
10 manufacturer's section of the website. (See Block 66)
After the account number has been accepted at the
website, a manufacturer can post a coupon. (See Block 68)
Multiple types of postings will be offered. Standard
postings will cost the manufacturer one price. Banner
15 postings or pop-up postings will be offered at a higher
price. The manufacturer enters how long a certain posted
coupon is valid. The coupon is automatically removed from
the website when the coupon expires. In this manner, any
consumer clipping coupons from the website knows that all
20 the posted coupons are valid.

Manufacturers can post coupons predesigned by the
manufacturers. However, software will be provided through
the website that enables a manufacturer to create a

coupon directly at the website.

The manufacturer can be charged for posting the coupon. However, in a preferred embodiment, the present invention system monitors how many times a manufacturer's coupon is clipped by a consumer. The price charged to the manufacturer is dependent upon how many times that manufacturer's coupon is clipped by consumers. Consequently, a manufacturer is not forced to pay for any coupon advertising that is not selected by consumers.

Retailers can post their own coupons in the same manner that manufacturers post coupons. However, retailers will mostly use the present invention system to obtain reimbursement for the coupons used by consumers in their stores.

Referring to Fig. 5, it can be seen that retailers register and are assigned account numbers. (See Block 70) At periodic times, a retailer establishes a telecommunications link with the central database and processing center. (See Block 72) This can be done directly over a direct telephone link, or can be done over a personal computer through the website. Alternatively, it will be understood, that each time a consumer uses his/her coupon account card at a retailer,

a link is created between the card reading machine at the retailer and the central computer and database. This link can also be used to download coupon data on the coupons that have been redeemed by that consumer during a particular sale. As is indicated by Block 74, once a link is established between the retailer and the central computer and database, the retailer downloads information regarding the coupons that have been redeemed at that retail store. The coupon data can be downloaded in batches or can be downloaded for each consumer at the time of that sale.

Referring to Block 76, it can be seen that after the central computer and database receives information from a retailer regarding coupons that have been redeemed, the central computer and database then automatically generates the proper reimbursement to the retailer. The reimbursement is taken directly from the funds paid into the system by the manufacturers.

Returning now to Fig. 1, it will be understood that the present invention system provides a way for consumers to electronically clip coupons and redeem those coupons at a retailer. The same system also enables manufacturers to post coupons and retailers to be reimbursed for

redeemed coupons using the same system. The system is
paperless. Furthermore, the system requires only that
consumers obtain coupon account cards and that retailers
update their card reader programs to read the coupon
5 account cards. No expensive hardware or software needs to
be purchased by any party.

It will be understood that the system and method of
the present invention described and illustrated are
merely exemplary and a person skilled in the art can make
10 many variations to the shown embodiment. All such
alternate embodiments and modifications are intended to
be included within the scope of the present invention as
defined below in the claims.